

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6799

BILL NUMBER: SB 283

NOTE PREPARED: Dec 30, 2013

BILL AMENDED:

SUBJECT: Assessed Value Cap for Veteran's Deduction.

FIRST AUTHOR: Sen. Eckerty

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill increases the assessed value cap (from \$143,160 to \$195,600) that applies to the property tax deduction for a veteran who: (1) has a total disability; or (2) has at least a 10% disability and is at least 62 years of age.

Effective Date: March 1, 2014 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Summary - Beginning with taxes payable in 2015, this bill could result in an estimated additional 3,900 deductions for totally disabled veterans. The total amount of the deduction could increase by about \$49 M. The additional deduction amount would annually shift about \$1.2 M in property taxes statewide from disabled veterans to all other taxpayers. Rate-controlled funds would lose revenue equal to the loss in net AV multiplied by the fund rate. A small increase in the amount of circuit breaker loss is also possible in certain areas. (Please see the table at the end of this document for a list of the estimated tax shifts by county.)

Additional Information - For taxes payable in 2013 (2012 in LaPorte County), approximately 17,000 veterans received totally disabled veteran property tax deductions in the amount of \$183 M. Most, but not all, veterans

deductions are taken against a homestead's AV. For purposes of this analysis, the AV of all single-family homestead residences was reviewed. The review shows 1,088,368 homesteads have an AV less than or equal to \$143,160. Another 266,415 homesteads have an AV greater than \$143,160 and up to \$195,600. The increase in the number of deductions under this provision is estimated at 24.5%. The increase in the total deduction amount and resulting tax shift were estimated individually for each county and aggregated to the total statewide estimate.

Under current law, there are two property tax deductions available to disabled veterans. Veterans who qualify may receive both disabled veteran deductions. Properties that are co-owned by more than one disabled veteran are subject to multiple deductions.

Veterans with wartime service and a service-connected disability of at least 10% or their surviving spouses are entitled to a property tax deduction of \$24,960 on their real or personal property. There are no qualifications on AV.

In addition, veterans or their surviving spouses are currently entitled to a property tax deduction of \$12,480 on their real or personal property if the veteran is either (1) totally disabled or (2) at least age 62 with a disability of 10% or more. The disability need not be service-connected nor does the service need to be wartime service. In order to qualify, the AV of the property must currently not exceed \$143,160.

State Agencies Affected:

Local Agencies Affected: County auditors; Local civil taxing units and school corporations.

Information Sources: LSA Parcel-Level Property Tax Database.

Fiscal Analyst: Bob Sigalow, 317-232-9859.

**CY 2015 Estimated Tax Shift From
Disabled Veteran Deduction AV Cap Change**

| County | Impact | County | Impact |
|----------------|---------------|------------------|---------------|
| 01 Adams | 1,500 | 47 Lawrence | 6,800 |
| 02 Allen | 84,800 | 48 Madison | 25,000 |
| 03 Bartholomew | 15,900 | 49 Marion | 103,700 |
| 04 Benton | 100 | 50 Marshall | 7,100 |
| 05 Blackford | 1,000 | 51 Martin | 800 |
| 06 Boone | 9,000 | 52 Miami | 8,800 |
| 07 Brown | 4,700 | 53 Monroe | 25,400 |
| 08 Carroll | 600 | 54 Montgomery | 3,100 |
| 09 Cass | 2,200 | 55 Morgan | 9,600 |
| 10 Clark | 50,800 | 56 Newton | 900 |
| 11 Clay | 1,200 | 57 Noble | 0 |
| 12 Clinton | 1,800 | 58 Ohio | 300 |
| 13 Crawford | 700 | 59 Orange | 800 |
| 14 Daviess | 3,100 | 60 Owen | 1,800 |
| 15 Dearborn | 34,800 | 61 Parke | 600 |
| 16 Decatur | 600 | 62 Perry | 600 |
| 17 DeKalb | 500 | 63 Pike | 1,000 |
| 18 Delaware | 20,600 | 64 Porter | 28,400 |
| 19 Dubois | 6,300 | 65 Posey | 3,900 |
| 20 Elkhart | 56,700 | 66 Pulaski | 600 |
| 21 Fayette | 3,000 | 67 Putnam | 7,000 |
| 22 Floyd | 21,000 | 68 Randolph | 1,300 |
| 23 Fountain | 600 | 69 Ripley | 3,400 |
| 24 Franklin | 2,400 | 70 Rush | 0 |
| 25 Fulton | 400 | 71 St. Joseph | 77,100 |
| 26 Gibson | 5,800 | 72 Scott | 2,600 |
| 27 Grant | 16,100 | 73 Shelby | 5,800 |
| 28 Greene | 1,000 | 74 Spencer | 2,800 |
| 29 Hamilton | 37,300 | 75 Starke | 400 |
| 30 Hancock | 31,500 | 76 Steuben | 2,000 |
| 31 Harrison | 5,800 | 77 Sullivan | 1,900 |
| 32 Hendricks | 112,900 | 78 Switzerland | 600 |
| 33 Henry | 4,400 | 79 Tippecanoe | 10,300 |
| 34 Howard | 16,400 | 80 Tipton | 600 |
| 35 Huntington | 2,000 | 81 Union | 500 |
| 36 Jackson | 5,400 | 82 Vanderburgh | 30,900 |
| 37 Jasper | 100 | 83 Vermillion | 1,700 |
| 38 Jay | 600 | 84 Vigo | 14,900 |
| 39 Jefferson | 10,800 | 85 Wabash | 3,700 |
| 40 Jennings | 2,400 | 86 Warren | 0 |
| 41 Johnson | 31,900 | 87 Warrick | 11,600 |
| 42 Knox | 10,700 | 88 Washington | 3,500 |
| 43 Kosciusko | 7,000 | 89 Wayne | 7,700 |
| 44 LaGrange | 2,800 | 90 Wells | 4,100 |
| 45 Lake | 100,000 | 91 White | 1,400 |
| 46 LaPorte | 23,500 | 92 Whitley | 10,900 |
| | | 1,188,600 | |